

This is an informal set of Reply Comments by SureWest Communications (SureWest), responding solely to the late-filed informal comments of Mr. Franke Jolley. As noted in its initial Comments in this proceeding, SureWest is a facilities-based provider of telecommunications services, based in Roseville, California. Through its subsidiary companies, SureWest provides incumbent local exchange, competitive local exchange, directory assistance, interexchange, broadband and PCS services. SureWest's subsidiary Roseville Telephone Company ("RTC") is an ILEC serving subscribers in an 83 square mile area, with central office locations serving the Roseville and Citrus Heights, California region. RTC has been providing high quality communications services to its subscribers for over 86 years, and currently serves approximately 134,000 access lines.

SureWest has reviewed the comments filed by Franke Jolley, CEO and president of wrldonline.net, and auburnonline.net, A.I.P., Inc. SureWest believes that it is important to respond to Mr. Jolley's unsubstantiated claims that contain numerous inaccuracies and mischaracterizations. It is possible that Mr. Jolley has confused RTC with the other company referred to in his comments. Herein, SureWest briefly addresses two of Mr. Jolley's inaccurate and unsubstantiated claims.

Mr. Jolley states, "[o]f course getting phone lines from (Pacific Bell and Roseville Telephone) is always a problem, and we frequently lose customers when our modem lines became [sic] busy because Pac Bell and Roseville Tel were late delivering phone lines we had ordered well in advance."

SureWest notes that RTC's record is exemplary in the provision of phone lines to customers and ISPs. RTC's experience shows, however, that problems arise when ISPs fail to properly plan the ordering of service in advance from ILECs based on the ratios for customers to ISP access lines. Rather, ISPs more often call up the ILEC in a panic when the number of busy signals received by their customers grows too large. RTC is not aware of the delays to which Mr. Jolley alludes. RTC continually reports to the CPUC on its provision of service, and its quality of service is rated as outstanding in customer service surveys.

Mr. Jolley also states that "[i]f we want to offer Internet access over DSL to our customers, we must do it through Pac Bell and Roseville Telephone, and the prices they offer us make it impossible for us to compete. We are expected to pay \$40 per month for the data line to reach the customer, and turn around and compete [sic] Bell and Roseville Tel, which is offering reconfigured phone lines, internet access and free \$200 modems, for \$50 per month. There is no way we can offer this product without losing money, and so we have stayed out of the DSL market."

SureWest first notes that RTC's ADSL Service is based on its Interstate Tariff FCC No. 1, with full cost support and demand justification. At this time, RTC's rate for providing DSL service to residences is \$39 per month. In contrast to Mr. Jolley's claim, this monthly amount currently is charged to the residential end-user. Furthermore, the provision of DSL service, especially

to the residential market, is an expensive and highly competitive business. Most CLEC's will not even serve the DSL small business and residential market. The DSL market has such a narrow profit margin that Mr. Jolley's mere conversion of customers, without growth, will not provide him a profitable model. Rather, like any similar service, a critical mass of customers and length of service for the customers is necessary in order to reach and maintain profitability. Mr. Jolley improperly assumes that RTC should serve the market at a loss, so that he can have the opportunity to make a profit. RTC should not have to do that. If Mr. Jolley's companies do not succeed, it will be a result of the marketplace, not of RTC.

SureWest opposes Mr. Jolley's conclusions. Because RTC has to share its networks at a price below cost, it believes that pricing flexibility will allow appropriate competition with other providers of DSL service that are not under those obligations. Indeed, it should be noted that while Mr. Jolley is so adamant about discrimination by incumbent telephone companies, other inter-modal providers such as cable TV operators are not required under the FCC's rules to even open their networks for interconnection. SureWest believes that the rules for the provision of Broadband services must be fair for all parties providing the same nascent service.

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